

# **Altman Foundation**

Financial Statements

December 31, 2014 and 2013

## Independent Auditors' Report

**Board of Trustees  
Altman Foundation**

We have audited the accompanying financial statements of the Altman Foundation, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Altman Foundation as of December 31, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*O'Connor Davies, LLP*

September 10, 2015

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## Altman Foundation

### Statements of Financial Position

	December 31	
	2014	2013
<b>ASSETS</b>		
Cash in operating account	\$ 858,969	\$ 196,488
Prepaid taxes	4,254	4,504
Prepaid expenses	32,014	14,995
Investments	250,907,304	255,323,763
Program related investments	2,379,644	2,452,218
Investments restricted for pension	621,457	619,930
Furniture, equipment and leasehold improvements, net	143,220	29,899
	<u>\$ 254,946,862</u>	<u>\$ 258,641,797</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Grants payable	\$ 2,440,000	\$ 2,535,000
Accounts payable and accrued expenses	279,550	227,340
Current federal excise tax payable	138,204	92,003
Deferred federal excise tax liability	841,001	1,127,747
Deferred pension liability	237,211	344,019
Total Liabilities	<u>3,935,966</u>	<u>4,326,109</u>
Unrestricted net assets	<u>251,010,896</u>	<u>254,315,688</u>
	<u>\$ 254,946,862</u>	<u>\$ 258,641,797</u>

See notes to financial statements

## Altman Foundation

### Statements of Activities

	Year Ended December 31	
	2014	2013
<b>REVENUE</b>		
Interest, dividends and partnership revenue	\$ 3,434,232	\$ 2,729,309
Net realized gain on sale of investments	23,847,330	11,810,581
Net unrealized (loss) gain on investments	(14,355,176)	17,460,688
Other income	4,723	38,928
Total Revenue	12,931,109	32,039,506
Direct investment expenses	(2,553,981)	(2,363,559)
Current federal excise tax and state taxes	(466,451)	(263,324)
Deferred federal excise tax expense	286,746	(349,213)
Net Revenue	10,197,423	29,063,410
<b>EXPENSES</b>		
Grants authorized	11,093,200	11,112,194
Grant administration	1,768,654	1,810,959
Investment administration	640,361	634,382
Total Expenses	13,502,215	13,557,535
Change in Net Assets	(3,304,792)	15,505,875
<b>NET ASSETS</b>		
Beginning of year	254,315,688	238,809,813
End of year	\$ 251,010,896	\$ 254,315,688

See notes to financial statements

## Altman Foundation

### Statements of Cash Flows

	Year Ended December 31	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	\$ 27,314	\$ 69,393
Other receipts	14,575	115,467
Payments for federal excise taxes	(420,000)	(220,961)
Payments to vendors	(1,037,629)	(1,059,852)
Payments for compensation and benefits	(1,598,975)	(1,549,119)
Payments for grants and matching gifts	<u>(11,184,850)</u>	<u>(11,094,389)</u>
Net Cash from Operating Activities	<u>(14,199,565)</u>	<u>(13,739,461)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(126,995)	-
Partnership distributions	12,786,899	11,623,158
Partnership capital calls	(3,543,285)	(2,199,615)
Net change in money market funds	(365,371)	(44,334)
Disbursement of program related investment	(1,000,000)	(500,000)
Repayment of program related investment	1,072,574	347,782
Purchases of investments	(18,225,000)	(14,335,000)
Proceeds from redemptions of investments	<u>24,263,224</u>	<u>11,625,862</u>
Net Cash from Investing Activities	<u>14,862,046</u>	<u>6,517,853</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit drawdown	-	189,000
Repayment of line of credit drawdown	<u>-</u>	<u>(189,000)</u>
Net Cash from Financing Activities	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	662,481	(7,221,608)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>196,488</u>	<u>7,418,096</u>
End of year	<u>\$ 858,969</u>	<u>\$ 196,488</u>

See notes to financial statements

## Altman Foundation

### Statements of Cash Flows *(continued)*

	Year Ended December 31	
	2014	2013
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (3,304,792)	\$ 15,505,875
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	18,749	19,194
Net realized gain on investments	(23,847,330)	(11,810,581)
Change in unrealized appreciation of investments	14,355,176	(17,460,688)
Imputed investment management fees	(1,007,854)	(388,220)
Actuarial adjustment related to pension	(106,808)	(114,510)
Deferred federal excise tax expense	(286,746)	349,213
Other	(6,602)	1,135
Net Change in Operating Assets and Liabilities		
Prepaid taxes	250	10,250
Prepaid expenses	(17,019)	56,077
Accounts payable and accrued expenses	52,210	21,476
Grants payable	(95,000)	(18,700)
Current federal excise tax payable	46,201	90,018
Net Cash from Operating Activities	\$ (14,199,565)	\$ (13,739,461)

See notes to financial statements

## **Altman Foundation**

Notes to Financial Statements  
December 31, 2014 and 2013

### **1. Organization**

The Altman Foundation (the "Foundation") was established and funded in 1913 by Benjamin Altman, the founder of B. Altman & Co. Under its charter, the Foundation is limited to grants to organizations in New York State. The Foundation concentrates its support to educational institutions, hospitals and health centers, artistic and cultural institutions, and social welfare programs, primarily in the metropolitan New York City area.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

The financial statements of the Foundation have been prepared in conformity with generally accepted accounting principles in the United States ("US GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. At December 31, 2014 and 2013, the net assets of the Foundation were unrestricted.

#### ***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Fair Value Measurements***

The Foundation follows US GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents represent short-term investments with maturities of three months or less at time of purchase, except for those short-term investments managed by the Foundation's investment managers as part of their long-term investment strategies.

## **Altman Foundation**

Notes to Financial Statements  
December 31, 2014 and 2013

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Investments Valuation***

Investments are carried at fair value. The fair value of alternative investments, including private equity, hedge funds and real asset funds, has been estimated using the Net Asset Value (“NAV”) as reported by the management of the respective alternative investment fund. US GAAP guidance provides for the use of NAV as a “Practical Expedient” for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation’s interest therein and their classification within Level 2 or 3 is based on the Foundation’s ability to redeem its interest in the near term.

Because some of these investments are not readily marketable their estimated value is subject to uncertainty and therefore may be different from the value that would have been used had a ready market for such investments existed.

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Program Related Investments***

Program related investments (PRIs) consist of loans and are reflected at cost less an allowance for potential impairment in value. Whether a valuation allowance is necessary due to impairment is determined based on various factors, including the debtor’s payment performance and other pertinent factors related to the debtor’s operations and ability to repay its debts. PRIs are individually monitored to determine net realizable value based on an evaluation of recovery. The Foundation assesses the risk of its financing receivables internally as either performing or monitoring. Performing receivables are investments that meet repayment benchmarks on a timely basis. Monitoring receivables are investments that are either behind in their repayment schedules or the overall health of the investee organization is lessened based upon an assessment of the investee. The Foundation considers a PRI past due if an interest or principal payment is more than 30 days overdue. Loans for which interest has not been paid for six months after due date are put into non-accrual status. Interest will no longer be accrued. The discount on PRI loans and the related contribution expense and interest income are not recorded in the financial statements as such amounts are not material.

#### ***Furniture, Equipment and Leasehold Improvements***

Furniture and equipment, including computer hardware and software, are recorded at cost and depreciated using the straight-line method over a five-year period. Leasehold improvements are recorded as cost and depreciated over a fifteen-year period. The Foundation capitalizes all property and equipment items over \$10,000.



## **Altman Foundation**

Notes to Financial Statements  
December 31, 2014 and 2013

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Grants***

Grants are recorded when authorized by the Board of Trustees.

#### ***Concentration of Credit Risk***

The Foundation invests its cash and cash equivalents with a quality financial institution. Throughout the year, balances in this account exceeded the Federal insured limits.

#### ***Accounting for Uncertainty in Income Taxes***

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2011.

#### ***Recent Accounting Pronouncements***

In May 2015, Accounting Standards Update (ASU No. 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)) was issued which amends disclosure requirements of Accounting Standards Codification Topic 820, Fair Value Measurement, for reporting entities that measure the fair value of an investment using the net asset value per share (or its equivalent) as a practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient, and also remove the requirements to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU is effective for the Foundation's fiscal years beginning after December 15, 2016, with early application permitted. The Foundation is currently evaluating the impact of adopting ASU 2015-07.

### **3. Federal Excise Taxes**

The Foundation is a nonprofit organization exempt from Federal income taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code (the Code), and is a private foundation as defined in Section 509(a) of the Code. The Foundation is subject to a Federal excise tax of 2% on its net investment income, as defined, for tax purposes. However, the excise tax is reduced to 1% if certain conditions are met. For 2014 and 2013 the Foundation's rate was 2%. The Foundation has met its minimum distribution requirement.

Deferred taxes arise from unrealized appreciation of investments held at year end.

## Altman Foundation

### Notes to Financial Statements December 31, 2014 and 2013

#### 4. Assets Measured at Fair Value

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by fair value hierarchy:

Description	2014			Total
	Level 1	Level 2	Level 3	
<b>Investments</b>				
Short term money market funds	\$ 13,442,625	\$ -	\$ -	\$ 13,442,625
Domestic equity	39,863,684	-	12,077,297	51,940,981
Equity oriented hedge	-	14,801,411	6,322,707	21,124,118
Fixed income	-	13,979,564	-	13,979,564
Fixed Income substitute	-	14,165,559	22,797,200	36,962,759
International equity	-	28,725,453	-	28,725,453
Private equity	-	-	47,279,291	47,279,291
Real assets	3,781,183	-	6,592,457	10,373,640
Real estate	-	-	9,635,020	9,635,020
	<u>\$ 57,087,492</u>	<u>\$ 71,671,987</u>	<u>\$ 104,703,972</u>	<u>233,463,451</u>
Unsettled security trades, net				<u>17,443,853</u>
<b>Total Investments</b>				<b>\$ 250,907,304</b>
<b>Investments Restricted For Pension</b>				
Money market funds	\$ 523,664	\$ -	\$ -	\$ 523,664
Cash surrender value of life insurance policy	-	97,793	-	97,793
<b>Total Investments Restricted for Pension</b>	<u>\$ 523,664</u>	<u>\$ 97,793</u>	<u>\$ -</u>	<u>\$ 621,457</u>
Description	2013			Total
	Level 1	Level 2	Level 3	
<b>Investments</b>				
Short term money market funds	\$ 12,439,824	\$ -	\$ -	\$ 12,439,824
Domestic equity	30,328,166	-	11,723,848	42,052,014
Equity oriented hedge	-	17,177,025	16,928,060	34,105,085
Fixed income	-	13,015,518	-	13,015,518
Fixed Income substitute	-	23,402,677	18,348,749	41,751,426
International equity	-	33,313,608	-	33,313,608
Private equity	-	-	48,201,590	48,201,590
Real assets	4,614,475	-	7,315,009	11,929,484
Real estate	-	-	10,465,214	10,465,214
	<u>\$ 47,382,465</u>	<u>\$ 86,908,828</u>	<u>\$ 112,982,470</u>	<u>247,273,763</u>
Unsettled security trades, net				<u>8,050,000</u>
<b>Total Investments</b>				<b>\$ 255,323,763</b>
<b>Investments Restricted For Pension</b>				
Money market funds	\$ 523,621	\$ -	\$ -	\$ 523,621
Cash surrender value of life insurance policy	-	96,309	-	96,309
<b>Total Investments Restricted for Pension</b>	<u>\$ 523,621</u>	<u>\$ 96,309</u>	<u>\$ -</u>	<u>\$ 619,930</u>

## Altman Foundation

### Notes to Financial Statements December 31, 2014 and 2013

#### 4. Assets Measured at Fair Value *(continued)*

At December 31, 2014 and 2013 approximately 59% and 62% of the Foundation's investment portfolio was invested with certain managers that provided equity or equity-like exposure. Management does not anticipate that losses, if any, resulting from such market concentration would materially affect the financial position and operations of the Foundation.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3) during the years ended December 31:

	2014						Total
	Domestic Equity	Equity Oriented Hedge	Fixed Income Substitute	Private Equity	Real Assets	Real Estate	
Beginning balance	\$ 11,723,848	\$ 16,928,060	\$ 18,348,749	\$ 48,201,590	\$ 7,315,009	\$ 10,465,214	\$ 112,982,470
Purchases & other additions	-	6,050,000	4,175,000	3,917,590	1,443,750	87,500	15,673,840
Redemptions/distributions	-	(16,958,859)	(388,000)	(10,580,029)	(1,466,758)	(2,294,439)	(31,688,085)
Net realized gains	1,463,641	8,869,042	4,043	4,845,848	628,948	428,777	16,240,299
Change in unrealized appreciation	(1,073,731)	(8,397,608)	774,820	615,277	(1,137,810)	612,266	(8,606,786)
Other investment income (expense), net	(36,461)	(167,928)	(117,412)	279,015	(190,682)	335,702	102,234
Ending balance	<u>\$ 12,077,297</u>	<u>\$ 6,322,707</u>	<u>\$ 22,797,200</u>	<u>\$ 47,279,291</u>	<u>\$ 6,592,457</u>	<u>\$ 9,635,020</u>	<u>\$ 104,703,972</u>

  

	2013						Total
	Domestic Equity	Equity Oriented Hedge	Fixed Income Substitute	Private Equity	Real Assets	Real Estate	
Beginning balance	\$ 8,905,872	\$ 14,203,873	\$ 26,018,398	\$ 46,253,341	\$ 6,711,011	\$ 15,707,182	\$ 117,799,677
Purchases & other additions	-	410,000	-	3,290,473	1,218,750	125,000	5,044,223
Redemptions/distributions	-	-	(6,388,000)	(8,294,763)	(1,341,918)	(7,053,005)	(23,077,686)
Net realized gains (losses)	1,641,956	-	3,622,262	3,677,232	521,286	(634,558)	8,828,178
Change in unrealized appreciation	1,211,080	2,466,443	(4,746,512)	3,838,042	331,034	1,397,351	4,497,438
Other investment income (expense), net	(35,060)	(152,256)	(157,399)	(562,735)	(125,154)	923,244	(109,360)
Ending balance	<u>\$ 11,723,848</u>	<u>\$ 16,928,060</u>	<u>\$ 18,348,749</u>	<u>\$ 48,201,590</u>	<u>\$ 7,315,009</u>	<u>\$ 10,465,214</u>	<u>\$ 112,982,470</u>

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2014 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity (see "a" below)	\$ 12,077,297	\$ -	Quarterly	30 days
Equity oriented hedge (see "b" below)	21,124,118	-	Monthly/Quarterly	30-90 days
Fixed income (see "c" below)	13,979,564	-	Monthly	10-30 days
Fixed income substitute (see "d" below)	36,962,759	150,000	Quarterly/Annually/Locked	45-90 days-Not applicable
International equity (see "e" below)	28,725,453	-	Semi-Monthly/Monthly	5-30 days
Private equity (see "f" below)	47,279,291	15,644,918	Locked	Not applicable
Real assets (see "g" below)	6,592,457	6,138,750	Locked	Not applicable
Real estate (see "h" below)	9,635,020	512,500	Quarterly/Locked	45 days-Not applicable
	<u>\$ 176,375,959</u>	<u>\$ 22,446,168</u>		

a.) This category includes a fund that invests in equity and equity-related securities of U.S. firms and includes investments in hedge funds that invest primarily in U.S. equity securities, on a long only basis, predominantly in the form of limited partnerships and similar pooled investment vehicles. This fund was primarily formed with the purpose of achieving long-term growth of capital. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Investment in this fund may be redeemed 30 days prior to the end of a quarter.

## Altman Foundation

Notes to Financial Statements  
December 31, 2014 and 2013

### 4. Assets Measured at Fair Value *(continued)*

- b.) This category includes seven managers who predominantly invest in equity and equity-related securities of U.S. firms and includes investments in hedge funds that invest primarily in U.S. equity securities, both long and short, predominantly in the form of limited partnerships and similar pooled investment vehicles. These funds were primarily formed with the purpose of achieving long-term growth of capital with reduced volatility by allocating capital among various money managers or strategies. The managers have the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Five of the managers have lockup periods where investments cannot be redeemed for 12 to 15 months. As of December 31, 2014, \$4.3 million of these investments was subject to remaining lockup of 4-11 months. In addition, redemptions can be done monthly and quarterly with 30 - 90 days advance notice.
- c.) This category includes two funds that invest predominantly in U.S. and international fixed income securities, including corporate bonds, government bonds, and mortgage-backed securities, predominantly in separately managed accounts and similar pooled investment vehicles. These funds generate return from the payment of interest and from capital gains from the sale of underlying bonds. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Investments in this category may be redeemed monthly with 10 - 30 business day prior notice.
- d.) This category includes investments with seven fund managers that invest primarily in U.S. and international fixed income securities, derivative instruments (options, forwards and futures and credit default swaps), and assets that are not securities (for example, bank loans, creditor claims, commercial liens, etc). These investments are predominantly in the form of limited partnerships and similar pooled investment vehicles that can go long and short and use derivatives. Six of these funds were primarily formed with the purpose of achieving long-term growth of capital with reduced volatility by allocating capital among various strategies; the seventh fund returns invested capital as distributions resulting from liquidation of the underlying assets. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Four of these seven fund managers have 12 month lockup periods; as of December 31, 2014, \$3.3 million was subject to a remaining lockup period of 4-11 months. Redemptions from six of these seven fund managers can be done quarterly and annually with 45-90 days advance notice. A remaining fund with a fair value of \$5 million cannot be redeemed and is expected to be dissolved by August 1, 2020.

## Altman Foundation

Notes to Financial Statements  
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### 4. Assets Measured at Fair Value (*continued*)

- e.) This category includes investments in equity and equity-linked instruments issued by companies which have their registered offices or which conduct the bulk of their business activities in countries other than the United States, or which exercise a preponderant part of their economic activities in countries other than the United States, including countries classified as emerging or developing markets, which have their registered office in emerging or developing countries. In general, issuers may be considered such in the international financial community. More specifically, an issuer may be considered a developing country if they are domiciled, maintain a principal place of business and/or substantial assets, or derive significant revenues or profits from a developing country. These funds were primarily formed with the purpose of achieving capital appreciation over the medium to long-term by allocating its capital among various money managers. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Redemptions are permitted on a semi-monthly or monthly basis with 5-30 days advance notice.
- f.) This category includes 15 funds that make control investments in private, non-listed small and medium-sized companies primarily in the U.S. and Europe. This category includes several private equity funds that invest primarily in international and domestic private equity and venture capital partnerships. These investments cannot be redeemed. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the respective fund. Distributions from investments in this category are received through the liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of twelve funds will be liquidated over 3 - 144 months, either by sales to strategic buyers - corporations or other private firms - or by public offerings, with the proceeds from liquidation, less manager fees, returned to the limited partners. The other three investment funds, representing 27% of this category's total fair value, have no set liquidation date.
- g.) This category includes two funds that invest in privately held oil and gas partnerships and in commodities that are traded on futures markets. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the respective fund. These managers return invested capital as distributions resulting from liquidation of the underlying assets. It is estimated that the underlying assets of such funds will be liquidated over the next 45 to 108 months as the underlying properties are sold or refinanced.
- h.) This category includes three real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the respective fund. One manager, representing 42% of this category's total fair value, permits redemptions with 45 days advance notice prior to the end of a quarter. The other managers return invested capital as distributions resulting from liquidation of the underlying assets. It is estimated that the underlying assets of such funds will be liquidated over the next 48 months as the underlying properties are sold or refinanced.

## Altman Foundation

Notes to Financial Statements  
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### 5. Program Related Investments (PRIs)

PRIs, defined in IRC 4944(c), have a primary purpose of advancing the mission of the Foundation without a significant purpose of the production of income or the appreciation of property. PRIs are treated as charitable distributions on Internal Revenue Service form 990-PF, the tax and information return filed by private foundations for minimum-distribution requirement purposes. The Foundation's PRI loans bear interest at below-market rates, from 0% to 2%, generally payable on a quarterly basis. PRI loans are individually monitored and at December 31, 2014 and 2013 are deemed performing receivables. Management has reviewed the collectability of all PRI loans and deemed an allowance to be unnecessary. At December 31, 2014 and 2013, there were no PRI loans past due.

Expected repayments are as follows:

2015	\$ 1,098,473
2016	1,100,461
2017	102,488
2018	<u>78,222</u>
	<u>\$ 2,379,644</u>

### 6. Retirement Plans

The Foundation provides a 401K plan to eligible employees. Employee contributions are permitted with the Foundation matching one-half of basic contributions up to a maximum of 5% of salary per employee in 2014 and 2013. Employer matching was \$61,803 and \$60,636 for 2014 and 2013.

The Foundation also maintains a profit sharing plan for eligible employees. For 2014 and 2013, the Foundation's contribution was 8% and 7% of salary for all eligible officers and staff and amounted to \$98,288 and \$74,264 for 2014 and 2013.

The Foundation has also established a non-qualified retirement plan for a select group of management determined by the Board of Trustees, to which contributions to qualified pension plans are limited. Assets associated with this plan are assets of the Foundation, and are included in the statements of financial position. An amount to represent the funds due to the plan participants is included in the statements of financial position as a liability. Actuarial evaluations at December 31, 2014 and 2013 resulted in a reduction of pension expense of \$106,808 and \$114,510.

## Altman Foundation

Notes to Financial Statements  
December 31, 2014 and 2013

### 7. Lease Commitments

The Foundation's operating lease for office space at 521 Fifth Avenue, New York City expired on July 31, 2015. In lieu of a security deposit, the Foundation maintained an open letter of credit in the amount of \$68,409, which expires September 18, 2015. Rent expense under this lease, which included utilities, office maintenance and real estate taxes was \$377,608 and \$360,437 for 2014 and 2013.

During 2014, the Foundation entered into a non-cancellable operating lease for new office space at 8 West 40th Street, New York City, beginning June 1, 2015. In lieu of a security deposit, the Foundation maintains an open letter of credit in the amount of \$346,864, which expires September 14, 2015 and has automatic annual extensions. This 180 month lease requires minimum annual rental payments with escalations through the lease expiration date. In addition, the lease requires payment of utilities, real estate taxes and other expenses.

Minimum lease payments by fiscal year are as follows:

	521 Fifth Ave.	8 West 40th St.	Total
2015	\$ 159,620	\$ -	\$ 159,620
2016	-	317,794	317,794
2017	-	346,684	346,684
2018	-	346,684	346,684
2019	-	346,684	346,684
Thereafter	-	4,140,207	4,140,207
	\$ 159,620	\$ 5,498,053	\$ 5,657,673

### 8. Furniture, Equipment and Leasehold Improvements

At December 31, 2014 and 2013, furniture, equipment and leasehold improvements at the Foundation were as follows:

	2014	2013
Leasehold improvements	\$ 352,749	\$ 282,891
Furniture and equipment	297,217	297,217
Computer hardware and software	125,815	63,603
	775,781	643,711
Less accumulated depreciation	632,561	613,812
	\$ 143,220	\$ 29,899

Depreciation expense for 2014 and 2013 was \$18,749 and \$19,194.

## Altman Foundation

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### 9. Grants Payable

The Foundation has entered into grant commitments to certain organizations. Payments to these organizations at December 31, 2014 and 2013 are to be made as follows:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 2,410,000	\$ 2,335,000
One to two years	<u>30,000</u>	<u>200,000</u>
Total grants payable	<u>\$ 2,440,000</u>	<u>\$ 2,535,000</u>

### 10. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is September 10, 2015.

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